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26 October 1959

Comments on Observations of Seymour Melman Concerning the Soviet
Machine Tool Industry

25X1A9a 1. Forwarded herewith are the comments of I/P2 analyst, 25X1A9a
[redacted] on an article on Page 1 of The New York Times, October 26,
1959, entitled "Soviet Gaining in Machine Tools Over West, Expert
Reports."

2. In this article Professor Melman reported on the Soviet use of
mass production techniques in the manufacture of machine tools and
warned of future Soviet domination of world machine tool markets.

3. Professor Melman has correctly reported the situation as it
exists in the three plants which he visited. The Soviets in these and
other plants are using mass production techniques, which, combined with
the high priority accorded the machine tool industry, enabled them in
1958 to produce three times as many machine tools as the United States.
Professor Melman's conclusions on efficiency cannot be applied to the
Soviet machine tool industry as a whole, since the plants he visited
are among the best in the industry, being considerably superior to
the average Soviet machine tool plant.

4. The U.S. machine tool industry cannot effectively employ mass
production techniques because the orders for individual types or models
are too small to warrant large scale production.

5. The Soviets are currently exporting only small quantities of
general-purpose machine tools outside the Bloc. We feel, however,
that by 1965 they will be in a position to export large quantities of
general-purpose machine tools at prices considerably below those of
Western countries.

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[redacted] Since he visited only the
"show plants" of the industry, which have been observed by numerous
other specialists, we doubt that this report will be of much value to us.

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Attachment: (not included)
[redacted] comments.

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